Secrt. II-27—100,000—21-5-48.

Food

(1948) Department.

M. SERIES.

G.O. No. 601

Dated 5-7-48

[Despatch Abstract.]

Civil Supplies - Groundnuts export outside the Province - Fixation of quotas - Procedure Discussions - Papers recorded.

IMMEDIATE/By Air Mail.

No.CG.603(2)-IV.
GOVERNMENT OF INDIA,
MINISTRY OF FOOD.
--

New Delhi, the 23rd October 1947.-

MEMORANDUM.

The attached notification No.Cg.603(2)-IV dated 23-10-47 (2 copies) may kindly be published in the Gazette of India Extraordinary dated the 23rd October, 1947 and 50 copies of the notification supplied to this Ministry.

Sd. K.N.Channa,
Asst.Secy.to the Govt. of India.

To
The Manager;
Government of India Press,
New Delhi.

Copy with an advance copy of the notification forwarded to:

(1) the Secretary to the Government of Madras,
Food Department, Madras.

(2) The Regional Food Commissioner,
Soutnern Region, Govt. of India,
Ministry of Food, "White Lodge',
Harrington Road, Kilpauk P.O.,Madras.

(3) The Deputy Principal Information Officer.

Sd. x x
Asst.Secy.to the Govt.of India.

GOVERNMENT OF INDIA
MINISTRY OF FOOD.

NOTIFICATION.

New Delhi, the 23rd October 1947.
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No.CG.603(2)-IV:- In exercise of the powers conferred by section 4 of the Essential Supplies (Temporary Powers) Act, 1946 (XXIV of 1946), the Central Government is pleased to direct that the powers conferred on it by sub-section (1) of section 3 of the said Act to make orders in relation to the prohibition of export of groundnut kernels from the Province of Madras shall be exercisable also by the Government of Madras subject to the following conditions, namely:-

(1) that no such orders shall remain in force after the 30th November, 1947, and

(2) that such orders shall not apply to movement of groundnut kernels against valid export licenses issued by the Central Government for export out of India.

Sd. N.T.MONE,
Jt. Secy.to the Govt. of India.

p.t.o.

GOVERNMENT OF MADRAS
FOOD DEPARTMENT.

VERY-SPECIAL.(CONFIDENTIAL)

D.O.No.56822 H/47-1, dated 15-11-1947.

My dear Mani,

Sub: Civil Supplies, Groundnut - Exports outside the Madras Province - Ban.
Ref: G.O.Ms.No.1189, Food, dated 29-10-47.

I am to invite a reference to the G.O. cited above, and to forward herewith a copy of the immediate code telegram No.9576, dated 13-11-1947 received from the Government of India, Ministry of Food. I am to request you to obtain and forward IMMEDIATELY the Board's remarks generally on the conditions suggested by the Government of India in their telegram, and in particular, as to whether this Government can undertake to procure groundnut export quotas on Government account and despatch them to recipient areas on Government account, or to the nominees of the Governments of the recipient areas. I am also to request you to intimate in consultation with the Director of Agriculture what quantity of groundnut kernels can be declared to be the exportable surplus of this province for the groundnut year 1947-48..

Yours sincerely,
Sd. x x
Secy.to Government.

To
S.Mani, Esq., I.C.S.,
Secretary to the Commissioner of Civil Supplies,
Board of Revenue (Civil Supplies).

Copy to the Director of Agriculture, Madras.(with enclosure)

Copy of Confidential Board's Ref.No.C56472/J3/47 dated 18-11-1947.

READ:

D.O. from the Dy. Secretary to Government, Food Department No.56822 H/47, dated 15-11-47.

With reference to the D.O. cited, the Board submits the following report:--

According to the Provincial Marketing Officer, Madras, the extent sown with groundnuts this year is expected to be 36 lakhs of acres. In some areas the crop is reported to have been damaged by catter-pillers and pests in the months of August and September 1947. In some other areas the crops have suffered for want of timely rains. So although there is a marked increase in the area cultivated with groundnut this year, the total outturn cannot be estimated at more than 10.5 lakhs of tons of Kernels for the Province as a whole. The local requirements would be:

For seed purpose	...	1,29,000 tons.
for edible "	..	75,000 "
for crushing"	..	6,42,000 "
Total		8,46,000 tons

The exportable surplus would therefore be 2.04 lakhs of tons

p.t.o.

~~tons~~ of kernels. 50,000 tons, out of this may be allowed to be sent out Overseas and 1 lakh tons to other Provinces and States within India. During 45-46 and 46-47 the total quantity of Kernel that was allowed to be exported outside the Province was 3,92,200 tons and 3,02,900 tons respectively. This created a scarcity in Oil cake with the result that our Sugarcane and paddy crop could not command the required quantity of oilcake and also many of our oil mills were forced to remain idle for want of kernel. To avoid these difficulties it is better this year to restrict the export to only 1.5 lakhs of tons.

2. There is much talk of retrenchment in the Civil Supplies Department. Sufficient number of trained hands is not available to undertake the work of classification of kernels and also to work out the mutual allowances; probably there may be difficulty in securing the required number of gunny bags also. Govt. do not command sufficient godown accommodation for purpose of storage. Government cannot therefore undertake the responsibility for procurement and despatch the exportable surplus. The staff must be allowed to move on the basis of trade. The rates fixed by the Government for oil cakes have not proved sufficiently attractive in the past. In order to compensate the millers for the inadequate profits on their oil cake, it is desirable to allow competitive rates for the outgoing kernel. After the quotas are allotted to various Provinces/States and Overseas Countries by the oil seeds Controller for India proportionate quantities will be distributed to the surplus districts in the Province. Within these limits Collectors may be authorised to issue permits to (1) Producers and (2) Dealers. There may be new entrants in both the classes. Therefore it is not necessary to create a separate class for new entrants. Permits may be distributed among producers and dealers in equal proportions the maximum and minimum limits being fixed at 100 and 20Ø tons respectively to any one individual for the groundnut year as a whole. The producer may be expected to get his nuts shelled in the nearest available decorticator.

3. For writing up of Permits etc. some clerical staff will be required in the Collector's Office in the surplus districts. Some central staff will also be required in the Board's office to supervise the work in the Collector's office. To defray these charges, a surcharge of 2 annas per Imperial Maund of kernel may be levied, since no ceiling price would be fixed, it will not be possible to levy surcharge on the value of kernel.

4. To minimise the number of applications and to restrict it to bonafide producers and dealers alone, the Board suggests that each application for export permit may be ordered to be sent with a challan for Rs.25/- remitted into any Government Treasury to the head to be specified later. This amount is non-refundable and will be in addition to surcharge. As the price of kernel is not proposed to be controlled, Exporters will not find it difficult to pay this fee which will also be a source of revenue to the Government.

Sd. x x /For Dy.Commissioner(Central).

To the Secretary to Government,
Food Department, Madras.

Food Department.

For perusal in tappal. (The current file is also placed below). I shall discuss with Secy. at 3.30 p.m.

Sd. x x
19-11-47.

Sd. x x
19-11-47.

p.t.o.

GOVERNMENT OF MADRAS
FOOD DEPARTMENT.
IMPORTANT TELEGRAM No.-274, dated 26-11-1947.

FOODPET
NEW DELHI.

From Cereals Madras for Ministry of Food New Delhi aaa For Mone from Kuttalalingam Pillai aaa Reference your Telegram No.9576 dated 13th November aaa Subject.continuance of ban on exports of groundnut shelled and un-shelled from Madras Province aaa Madras Government are glad to note that Government of India agree with Madras contention that for paddy cultivation it is imperative that Madras should preserve groundnut cake within Province and therefore export of groundnut kernel must be regulated aaa Madras Government agree that groundnut kernel quotas must be made available to other areas normally receiving supplies from Madras aaa Total area expected to be sown with groundnut this year estimated at 36 half 72 lakhs acres aaa Crop reported to have been damaged by caterpillars and other pests during August and September aaa In other areas crops have suffered for want of timely rains aaa Total outturn estimated at roughly 10.5 half 21 lakhs tons in terms of shelled kernel for Province as a whole aaa Local requirements are 129,000 tons for seed purposes 75,000 tons for edible purposes and 642,000 tons for crushing aaa Total exportable surplus is therefore 2,04,000 tons of kernel aaa This figure may seem to be small compared to past exports but is due to causes such as pests and want of timely rains as already explained above and increased crushing capacity aaa Experience shows that prevailing price level is a surer index of available surplus or scarcity than any estimate based on acreage outturn etc aaa Madras Government would accordingly be prepared to consider further exports of kernel after entire quota of 2,04,000 tons has been exported provided price levels then prevailing show that there is a further surplus and it is is found that millers are able to obtain their requirements

p.t.o.

at reasonable prices without much difficulty aaa Paragraph aaa As for Government of India's second condition that Madras Government must accept responsibility for guaranteeing supply according to quotas fixed within stipulated time Madras Government hereby accept this responsibility aaa quotas will be obtained month by month by system of competitive tenders for delivery at convenient despatching points packed in gunnies aaa Details will be explained when Narasimhan attends Food Conference on 25th aaa Kindly issue immediate orders extending ban up to 31st October 1948 aaa

--Cereals--

Issued in Code.

Sd. x x
20-11-47. Sd. x x
20-11-47.

P.C. To go in confirmation by air mail.

Copy to the Director of Agriculture,
To. The Commissioner of Civil Supplies.

GOVERNMENT OF MADRAS
Food Department.

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Confidential Memorandum No.56822 F/47-9, dt.24-2-1948.

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Sub: Civil Supplies - Groundnuts - Quotas fixed by the Government of India - Exports outside Province - Procedure - Detailed proposals - called for.

Ref: From the Board of Revenue (Civil Supplies) Ref.No.056472-J3/47, dated 18-11-1947.
Government Important Code Telegram No.174, dated 26-11-47 to the Government of India (copy already sent to the Board of Revenue C.S.),

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The Board of Revenue (Civil Supplies) is informed that the Government of India have since delegated powers to this Government to impose a ban on the movement of groundnuts from the Madras Province to any place in the Indian Dominion throughout the groundnut year i.e. till the end of October 1948. A ban order has accordingly been issued in exercise of these powers - please see G.O.No.Ms.127, Food, dated 16-2-1948.

2. As the Board is aware, the Government of India have agreed to this ban only on the following conditions:-

(1) that groundnuts should be made available to areas normally getting groundnut supplies from Madras, and

(2) that this Government must accept the responsibility for guaranteeing supplies according to the quotas fixed.

p.t.o.

As both these conditions, have been accepted by this Government, it now becomes necessary for them to work out the details of the procedure to be adopted in regard to the exports of 2,04,000 tons of groundnut kernels provisionally declared by this Government as surplus. As it is expected, that the Government of India will be communicating the details of quotas shortly, the Government must keep themselves ready with the details of procedure to ensure speedy exports as soon as allotments are made known by the Government of India. The Government have also decided that a tender system on the following lines is the surest way of guaranteeing the supply of quotas fixed.

3. Tenders on f.o.r. basis packed in gunnies for delivery at convenient despatching points should be called for. The tenders will be on a competitive basis. As suggested by the Board, in its reference cited, a surcharge of Re.0.2.0 per imperial maund may be collected pending final approval of the Government of India in this regard. If the tender system were to be in force, every application need not be accompanied by a chalan for a sum of Rs.25/- as suggested by the Board. However, in order to make sure that only BONAFIDES dealers of substance and solvency apply, the Government consider that a fairly large deposit may be insisted upon, (The sum to be suggested by the Board). As it is possible that even under the tender system higher prices may be ruling at the importing end (even after allowing a fair margin for transport, inspection charges etc.), it is but fair, that such difference in price should go to this Government and not to the importer. Some method of absorbing this difference is therefore necessary and has to be devised. The Board is requested to offer its suggestions in this regard. It must however be made clear that the Government of India are not likely to agree to this unless the whole of this amount is realised by this difference is spent on ameliorative measures, to help the cultivator etc.

4. In the circumstances stated above, the Board is requested to submit detailed proposals to work the tender system as efficiently as possible. The proposals should provide for prompt payment to the parties concerned and should indicate the accounting procedure that should be followed. The Board is also requested to submit a draft tender notice, a draft tender form and a draft press note for the approval of the Government.

5. This reference may kindly be treated as special as the Government of India and the importing administrations have to be informed of the procedure as soon as possible.

M.A.Kuttalalingam Pillai,
Secretary to Government.

To

The Board of Revenue.(CS)

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p.t.o.

Copy of Board's Special Confidential Ref.No.056472/J2/47 dated 16-3-1948.

Read: Food Department Confidential Memo No. 56822-F/47-9, dated 24-2-1948.

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With reference to Government Memo cited the Board submits that present times are not favourable for embarking on the scheme of guaranteeing supplies of groundnuts to the receipient administrations by Government entering into the market through the tender system. To begin with, there is no control whatsoever over prices, nor is there a system of licensing enforcing submission of returns of stocks. When the tender system was introduced previously, the Bengal Government failed to appoint their Inspecting Agents and did not make any arrangements to move the quota allotted to them with the result that the tenders accepted for supply to Bengal had either to be diverted to other areas or the respective tenderers asked to sell the quantity of oil locally. This caused considerable inconvenience to the tenderers. The Deputy Commissioner of Civil Supplies (General) who has had some experience of working out the tender system on the recipient side in Bengal doubts whether it will be worthwhile setting up an elaborate machinery expressly for the purpose of procuring quotas to deficit areas which will not, under present conditions agree to underwrite transactions by the trade or agree to procure on Government account. The Madras Government may conceivably get entangled in disputes over quality, question of quantity and even embarassment if recipient administrations do not take over supplies meant for them at the price obtainable by Government. A tender, as a contract, cannot be one sided and Government may have to accept quantities peoduced by the tenderers even if recipient areas default; any non-chalance on the part of the recipient administration during a period of fall in the market may cause endless worries to this Government as there will be no means of ensuring that a recipient administration does actually take over the quota allotted at prices which the Madras Government may obtain by tender. Unless the movement is on a Government to Government basis (a course completely out of question perhaps during the throes of decontrol) it will not be advisable to go in for the tender system. It is also possible that the recipient administrations may not prefer to continue the method of import by selected merchants - a course which aroused considerable criticism.

2. The Board is therefore of the considered view that the tender system is not likely to work successfully under the present conditions. The Board suggests the following method of fulfilling conditions (1) and (2) imposed by the Government of India for continuing the ban on the exports of groundnuts:--

(i) This Government will decide the exportable quota of 2,04,000 tons of groundnut kernel

(ii) The Government of India will decide the quantity to be allocated to each deficit area;

(iii) recipient administrations will have a discretion to import their quota through merchants selected by them or through the trade in general. Export permits will be issued by the Board from time to time in the light of their preference and to nominees, if any, of their choice;

p.to.

(iv). a surcharge of 3 annas per Maund will be levied to be collected at the time of the issue of export permits as "administration charges";

(v) the responsibility of the Madras Government will be limited only to issue of export permits; it will be for the merchants concerned to obtain necessary supplies from the market in the province for movement to deficit areas as at (ii);

(vi) it is not understood why there should be any difficulty in picking up 204,000 tons of kernel in view of the total production of over 16,00,000 tons of nuts in shell. It becomes merely a question of prices. Since the Government of Madras cannot obviously give any guarantee whatsoever in regard to price over which there is no control, obtaining supplies will merely become a matter of paying a sufficiently attrative price to stimulate the market;

3. In the circumstances mentioned, it would appear that a tender system will not work successfully. If the Government still consider it necessary to go in for tender system the Board submits proposals to work the tender system on the following points:-

(1) Tender system on a competitive basis

(2) Amount of deposit to be collected from intending tenderers.

(3) Method of absorbing difference in prices between the exporting and importing ends by this Government.

(4) Prompt payment of value of the tendered quantity to the tenderers.

(5) Accounting procedure for the transactions.

POINT (1) ABOVE:

Tenders on F.O.R. basis packed in gunnies for delivery at convenient despatching points have to be called for. Tenders are to be on a competitive basis. There is no control over price of groundnuts at present. Hence the lowest tender will normally have to be accepted. Last year tenders for the supply of kernal to Bengal were invited. The same conditions may be adopted this year also, deleting the note under clause 4 of the tender regarding price.

POINT 2: Last year the earnest money deposit was fixed at Rs.1000/- for each tender. The same amount may be fixed now.

POINT 3: The Government are apparently under the impression that there will be a large difference between the prices of groundnut kernel at the exporting centres in this Province and at the importing ends in other provinces. A comparative statement showing the market prices for groundnut kernel in Madras, Calcutta and Bombay is enclosed. It may be seen therefrom that the difference in price is not great in the three centres and if the Government want to absorb this difference there will be no incentive for merchants to tender. It is doubtful whether the merchants, would quote must lesser prices in their tenders, if they do so, there would be an attrative profit for the Government. It will then become necessary for the Madras

Govt.

p.t.o.

to enforce release prices at the consuming ends through the concerned Provincial Governments and also to negotiate with these Governments for at least 75% of the difference in rates to be made over to Madras Government. In the present temper of Provincial Governments and the Government of India, such a proposal may not be acceptable. The amount to be so realised may be spent in securing good varieties of seeds of groundnuts and supplying them to the cultivators at a little reduced rates, after defraying all our expenses for the working of the scheme. The Government of the consuming provinces may be required to supply the Commissioner of Civil Supplies with a copy of the daily market rates prevailing in the consuming centres. The surcharge at 2 annas per Imperial maund of kernel works out to Rs.3,40,10 /- on every lakh of tons of kernel exported. This will be more than sufficient to cover the establishment charges for working the scheme. It will also leave a fair margin of profit to the Government. If the Government are satisfied with this assured profit they need not bank upon securing any further profits from the uncertain and fluctuating market rates to be watched at consuming centres. If Government desire to have more profit the rate of surcharge can be increased to 3 annas per maund.

POINT 4: According to condition 9 of the last year's tender form, a part payment of 90% of the contract price will be made on presentation of Railway receipts and the balance will be paid after the results of weighment and analysis are known and in any case not later than 15 days from the date of delivery. This seems to be sufficient and may be adopted this year also.

POINT 5: In last year the security deposit was credited to Revenue Deposits while the surcharge was credited to "L.I.Extraordinary receipts - Receipts of the Board of Revenue (Civil Supplies) - surcharge on groundnut kernel". The same procedure may be continued unless the Government intend to purchase kernel on Government account and move it to other administrations on Government account.

The quantity of kernel to be allowed for export is 2,04,000 tons. A statement showing the areas from which quotas of groundnuts are to be moved to the quota holding provinces, quantities in tons to be allowed from each area is enclosed. The areas have been divided into three zones The statement is on the lines of last year's distribution and with an export quota of 50,000 tons of kernel to start with. The details regarding the stations of despatch from which goods are to be despatched from each area etc. will be furnished later on, on-receipt of orders allocating the quotas to the recipient areas.

5. The following staff will be necessary to work the tender system of export:-

REGIONAL STAFF.

3 Asst.Marketing Officers on Rs.200-300 p.m. for the 3 zones	Rs.900 p.m.	Rs.1500 p.m.
3 Stenographers each on Rs.45 p.m.plus 25 rupees allowance	Rs.210 p.m.	
6 Lower Division clerks on Rs.45-80 p.m.	Rs.300 p.m.	
6 Peons on Rs.12-17 p.m.	Rs.90 p.m.	

p.t.o.

HEADQUARTERS STAFF IN BOARD'S OFFICE.

		D.F.	
1 Senior Superintendent on 190-240 p.m.		Rs.200 p.m.	
4 Upper Division clerks on	.80 p.m.	Rs.320 p.m.	.565 p.m.
1 Lower " clerk on	Rs.45 p.m.	Rs.45 p.m.	
		Rs.2065 per mensem.	

Taking that the regional staff would be required for 8 months and the Board's staff for one year the total cost comes to Rs.(1500 x 8) 12,000 plus Rs.6780 or Rs.18,780 pr approximately Rs.20,000. The staff will have to be paid Dearness Allowance to which they are entitled to and house rent also. If surcharge at the rate of 2 annas per Imperial Maund is collected, it will amount to Rs.3,40,100 on every lakh of tons of kernel exported. This will be more than sufficient to cover the establishment charges for working the tender system, it will also have a fair margin of profit to the Government.

A draft tender form, a draft tender notice and a draft Press note are enclosed for the approval of Government.

6. The Board would reiterate the view that adoption of the tender system is not advisable under present conditions as it is beset with great difficulties, if however, it is decided to proceed on the basis of tender the Board would emphasise the need for adequate safeguards to ensure that recipient administrations are fully responsible for the purchase of quantities obtained by Government by tender at the prices specified by Government and that they will completely reimburse Government with any loss that may accrue from default by nominees of recipient areas.

Sd. x x
for Dy. Commissioner of Civil Supplies
(General)

To
The Secretary to Government,
Food Department, Madras (with enclosures).

STATEMENT....

p.t.o

Statement showing the areas from which quotas of groundnuts are to be moved to the quota holding Provinces, quantities in tons etc

Sl. No.	District from which export should be made.	Total quantity (in tons).	Bengal.	Bombay.	Bihar.	Orissa.	Deccan States.	Travancore.	Cochin.	North Indian Factories.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1.	Vizagapatam	4,000	4,000							
2.	Kistna	2,000			1,000	1,000				
3.	Guntur	4,000	2,000		2,000					
4.	Kurnool	8,000		8,000						
5.	Bellary	6,000		6,000						
6.	Anantapur	8,000	3,000	2,000			3,000			
7.	Cuddapah	2,000		1,000						1,000
8.	NorthArcot	5,000	4,000		1,000					
9.	Coimbatore	3,000							3,000	
10.	Madura	2,000						1,500	500	
11.	Ramnad	1,000						1,000		
12.	SouthArcot	3,000	2,000					500	500	
13.	Chittoor.	2,000				2,000				
	Total	50000	15000	17000	4,000	3,000	3,000	3,000	4,000	1,000

S.Virupakshi Chetti,
Deputy Commissioner of Civil Supplies, (Central).

/True copy/

Sd. x x
Superintendent.

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p.t.o.

GOVERNMENT OF MADRAS
Food Department.

Confidential. Letter No. 56822 F/47-1),-dated 19e4-1948.

To

The Secretary to the Government of India,
Ministry of Food, New Delhi.

Sir,

Sub: Civil-Supplies - Groundnuts - exports to other deficit areas outside Madras Province - Procedure.

I am directed to refer to this Government's 'important' code telegram No.174 dated 26-11-47 in which the Madras Government stated that a tender system on the lines indicated therein would be followed in regard to the exports of groundnuts outside the Province. This Government have again reconsidered the whole question of procedure to be adopted for groundnut exports and now propose to adopt a permit system subject to the following conditions in lieu of the tender system for regulating the export of the quantity of 1,25,000 tons (one lakh twentyfive thousand tons) of kernel which is the utmost quantity that this Province can spare this year for other areas within the Indian Dominion as already intimated to you in this Government's code telegram No. 51 dated 16-4-48:-

1) Permits will be issued by the Commissioner of Civil Supplies, Madras or his nominee.

2) A surcharge of annas 3 per Imperial Maund will be collected in advance before the issue of permits to cover administrative charges and this surcharge will not be refunded under any circumstances. In addition to the surcharge a non-refundable fee of Rs.25/- for each application for an export permit will also be collected as application fee and in order to discourage those who are not BONAFIDE exporters from applying for permits.

3) The issue of permits will be confined only to the groundnut millers of this Province with a view to guard against the possibility of speculators competing for permits along with genuine exporters and trading in the permits obtained by them.

4) In order to push up procurement ~~xix~~ of oil-cake by the Director of Agriculture, the issue of export permits will be contingent upon the delivery of groundnut cake to the Government agent or nominee at the controlled price. To start with for every ton of oil cake delivered a permit for the export of one ton of kernel will be issued.

The Madras Government have preferred the permit system to the tender system as the former is easier to administer and generally more suitable under present-day conditions. They trust that the Government of India will have no objection to the permit system being followed as mentioned above. The allotment by the Government of India to the various recipient areas of the maximum exportable surplus of one lakh twentyfive thousand tons of kernel of this province is awaited.

Yours faithfully,

Copy to the Board of Rev./Sl. x x /Secy.to Government. (CS), with reference to its Ref.No.C 6472/J2/47,dt.16-3-48

Copy to the Director of Agriculture.

do. Development Department.

p.t.o

GOVERNMENT OF MADRAS
Food Department.

Letter No.-56322 F/47-15,-dated 26-6-1948.

To

The Secretary to the Government of India,
Ministry of Food, New Delhi.

Sir,

Sub: Civil-Supplies - Groundnuts - Exports from Madras Province to other areas in India - Collection of surcharge and application fee.
Ref: This Government's letter No.56822 F/47-15, Food Department, dated the 19th April 1948.

I am directed to invite a reference to this Government's letter cited and to inform you that this Government have since reeeonsidered the question of collection of a surcharge on exports of groundnuts outside this Province and a non-refundable application fee for permits for such exports in the light of the latest policy of the Government of India communicated in their letter No.Com 577(31)/48, dated the 20th April 1948, namely that exports of groundnuts outside the Madras Province need not be allowed except in exceptional cases. I am to say that this Government have decided to drop the proposal to collect the non-refundable application fee of Rs.2b/- per application and to collect the surcharge only at the rate of as 2/- per Imperial maund of groundnuts (shelled or un-shelled) instead of at the rate of as 3/- per Imperial maund as originally proposed.

Your obedient servant,
Sd. x x
Secy.to Government.

Copy to the Board of Revenue(CS)
with reference to its Ref.J/C564/2/42,dt.18-5-48.
" " " Director of Agriculture, Madras.

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p.t.o.

GOVERNMENT OF MADRAS
Food Department.

Code Expres Telegram No. 51, dated 10-4-1948.

To
FOODPET
NEW DELHI.

(Secretary to the Government of India)
Ministry of Food, New Delhi.)

For Visnna Sahay from Pillai AAA Please refer to our letter to Prices Madras No.Com.577(31)48 dated 14th March 1948 regarding roundnut seed and oil exports outside India AAA Crushing industry of this Province has come to practical standstill due to allotment of large quantities of kernel for expo t overseas last year AAA Madras Government are therefore definitely not repeat not in favour of any export of groundnut kernel outside India AAA pleas see in this connection telegram dated 8th April sent by Assoil Madras to Commerce Ministry a copy of which is sent for ready reference with post copy of this telegram AAA In order to set our crushing industry on its feet and also with a view to conserve as much oil cake as possible for meeting this country's vitala agricultural needs Madras Government would urge that all overseas exports should only be in shape of oil and that the tentative export target for 1948 to be suggested to the International Emergency Food Council should be considerably more than one lakh tons of oil AAA Madras Government would also strongly press for allotment to Madras Province of at least fifty percent of overseas export quota of groundnut oil that may be fixed and that Madras quota may be apportioned between crushers and shippers of this province in proportion of three to one AAA As regards export of groundnut kernel from this province to other areas within the Indian Dominion please refer to this Government's code telegram No1 174 dated 26th November 1947 in which exportable surplus of this province was estimated at two lakhs four thousand tons of kernel AAA Later developments have rendered this an overestimate AAA On the one hand groundnut crop of this province is poor this year and on the other more than the usual quantity of kernel is required for consumption as subsidiary foodstuff owing to deterioration in the food situation in this province consequent on failure of North-East monsoon AAA This province may therefore be able to spare only one lakh twenty five thousand tons of kernel at the most during 1948 to other areas within the Indian Dominion AAA

CER. ALS.

Sd. x x
9-4-48. Su. x x
9-4-48.

P.C. to go by Air Mail with enclosure.

Copy to the Government of India, Ministry of Commerce, New Delhi.
Copy to the Board of Revenue(J.S.), with reference to its Ref.J.37572/48, dt. 22-3-48.

Food D.O.No.15366-F/48-2, dt. 10-4-48.

Food Department.

Public (S.C.) D.O. for favour of issuing the draft telegram on pp.1-2 above in code.

Sd. x x
10-4-48.

Public (S.C.) Deptt.

Issued in Code.

M.G.M./10-4-48.

p.t.o.

PRESS INFORMATION BUREAU,
GOVERNMENT OF INDIA.

PRESS NOT

EXPORT OF GROUNDNUT AND GROUNDUT OIL
ADVANCE QUOTA FOR 1948 ANNOUNCED.

The Government of India have decided to allow the export of 50,000 tons of groundnut and 30,000 tons of groundnut oil as advance quotas for the year 1948. Applications should be made on the prescribed form to the Deputy Chief Controller of Exports in Calcutta or Bombay, or to the Export Trade Controller in case of other ports, on or before May 12, 1948 with the necessary evidence.

2. Any person with experience of the oil and oilseed trade and who has made a firm sale abroad may apply for a licence. Intending applicants are advised that, in addition to evidence of sale, they should produce either a letter of credit or a certificate from the bank of the importer, or from the Government of the importing country, that a letter of credit will be opened by the importer if a licence is granted. Only if this evidence is not furnished by a sufficient number of such intending exporters will applications from other traders be considered. Applications for export of oil by crushers should also be accompanied with evidence of their crushing capacity.

3. The authorities at the port concerned should be contacted for further details, including destinations for which quotas are available and the quantities fixed for each destination.

Ministry of Commerce
New Delhi, April 16, 1948.

Development Department.

Food U.O.
S. x x
16-4-48.
Dev.U.O.No.42191 A.III/48-1,dt.16-4-48.

p.t.o.

NO. Com.577(31)/48.
GOVERNMENT OF INDIA, MINISTRY OF FOOD.
New Delhi, the 20th April 1948.

From
Mrs. T.S.Pillay, M.A.(Oxon),
Under Secretary to the Govt. of India.
To
The Secretary to the Government of Madras,
Food Department, Fort St. George, Madras.

Sub: Export of groundnut kernel and oil from Madras outside India.

Sir,

With reference to the telegram No.51 dated 10--4-48 from Resonabili, Madras I am directed to say that on principle the Government of India have already accepted the principle that export of groundnut should be in the form of oil only, but as you are aware, there are practical difficulties and other considerations such as import of food rains due to which this Principle cannot be strictly adhered to in practice. It is further doubtful if the country can crush all the groundnuts it produces. There is also a shortage of tankers for transport of oil. The Commerce Ministry of the Government of India are keeping the export quota of kernels to the minimum possible. As regards the Madras Government's request that the Madras millers and traders should be given a 50% share in the export of oil, the Ministry of Commerce have already been apprised of the Madras Government's views and a copy of this letter together with a copy of your telegram is being forwarded to that Ministry to give your view point full consideration. With regard to the export of groundnut kernel from Madras to other provinces in India the position is that so long as the food situation in Madras is causing anxiety we are not proposing any quotas for export from that province. They need not, therefore, be anxious on this score. We feel sure, however, that the Madras Government would favourably consider recommendations from the Government of India for allowing export in suitable cases.

I have the honour to be,
Sir,
Your most obedient servant,
Sd. Mrs. T.S.Pillay,
Under Secy.to the Govt. of India.

GOVERNMENT OF INDIA, MINISTRY OF COMMERCE.
No.108-C/(16)/47. New Delhi, the 5th May 1948.

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From
B.M.Mehta, Esquire, I.A.,
Asst.Secretary to the Government of India.
To
The Secretary to the Government of Madras,
Food Department Fort St.George, Madras.

Subject: Export of groundnut kernel and oil from Madras outside India.

Sir,

With reference to the Food Ministry's letter to you No.Com.577(31)/48, dated 20th April 1948, on the subject mentioned above, I am directed to say that the position in regard to the distribution of the quota of groundnut and groundnut oil has already been explained to you in this Ministry's letter No.C-11-39-C./48, dated 29th March 1948. I am to add that it is against the policy of the Government of India to fix regional export quotas. Last time 50% of

p.t.o.

~~50% out of oil~~ quota was reserved for crushers and out of t is reserve Madras received 71%. Thus Madras crushers got a fair deal and should not have any reason for complaining. As regards other Madras traders who ae not themselves crushers the Provincial Government will readily appreciate that they do not qualify for any special preference.

I have the honour to be,
Sir,
Your most obedient servant,
Sd. B.M.Mehta,
Asst.Secy.to the Govt. of India.

GOVERNMENT OF MADRAS
Food Department

Confidential Memorandum No.13366 F/48-6,dated 17-6-1948.

Sub: Civil Supplies - Groundnuts - Exports outside Madras Province.

The question of regulating the exports of groundnuts and groundnut oil outside the Indian Union from this Province with a view to safeguard the interests of the agriculturists and crushers of this Province has been under correspondence between the Government and the Government of India. Copies of the following communications are fofwarded herewith for the information of the Director of Agriculture:--

(1) Government code telegram no.51 (Food) dt. 10-4-48.

(2) From the Government of India, Ministry of Food, letter No.Com577(31)/48, dated 20-4-48.

(3) Government of India, Ministry of Commerce Press Note dated 10-4-48.

(4) From the Government of India,Ministry of Commerce, letter No.108 CW (16)/47,dt. 8-5-1948.

The Director of Agriculture is informed that in the circumstances explained by the Government of India in item (4) above the Government do not propose to take any further action in the matter for the present.

Sd. x x
Secy.to Government.

To
The Director of Agriculture, Madras with enclosure.
Copy to the Board of Revenue (C.S.) with enclosure.
do. Development Department do.

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p.t.o.

GOVERNMENT OF MADRAS
Food Department.

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Confidential Memo No.1731 F/48-3, dated 30-4-1948.

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Sub: Civil Supplies - Groundnuts - Exports outside Madras province - Collection of surcharge.

Ref: Correspondence resting with this Government's letter to the Government of India, Ministry of Food, No.56822 F/47-15, dated 19-4-1948 (copy already communicated to the Board of Revenue (C.S.).

The attention of the Board of Revenue (C.S,) is invited to the letter cited in which the Government of India have been informed of this Government's intention to levy a non-refundable surcharge of As.3/- per Imperial Maund for the issue of permits for the export of groundnuts from this province to cover administrative charges. The decision to levy a surcharge at this rate was taken by the Government on the recommendation made by the Board in para 2 of its reference No. C)6472/32/47 dated 16-3-48. In that reference the Board had stated that a surcharge if collected even at the rate of As.2/- per Imperial Maund on every one lakh of tons of kernel exported will amount to Rs.3,40,000 and that this amount will be more than sufficient to cover the establishment charges for working the scheme and also leave a fair margin of profit to the Government. Even in its earlier ref. No.C)6472/33/47 dated 10-11-47 the Board had recommended the levy of a surcharge of only As.2/- per Imperial Maund. A doubt has now arisen as to whether a non-refundable surcharge of As.3/- on every Imperial Maund of groundnut kernel allowed to be exported can be levied as proposed as it has been suggested that Clause 3 (2)(j) of Central Act XXIV of 1946 provides only for the charging of fees for the grant of issue of licences, permits or other documents, that there is a distinction between a tax and a fee, that decisions have held that the levy of licence fees should not be regarded as a form of taxation and that such fees should be as nearly as possible related to the cost of issuing the licences and the cost of supervising the trade or of any special measures rendered necessary by the character of that trade. The Government are advised that if the levying of a surcharge of As.3/- per Imperial maund would merely meet the cost that they may have to incur in connection with the work of granting permits then it would be legal and proper, that if the levy will yield a net and substantial profit as revenue it would not be lawful and that the rule is that so far as is reasonably possible the levy should cover the extra cost and not more. It is now to be decided what will be the rate of surcharge that will more or less merely cover the cost without yielding a net substantial revenue to the Government. The Board is requested very urgently to go into the question again and recommend what will be the rate of levy of surcharge which will merely cover the expenditure which the Government may have to incur in connection with the work of granting groundnut export permits. In working out the probable expenditure in this regard the Board is requested to take into consideration the pensionery contribution, leave salary, etc. of the staff to be utilised for the work in question. The Board is also requested to take into account the total quantity that is likely to be exported outside this province and in respect of which the proposed surcharge can be collected. In this connection a copy of a communication No.Jom577(31)/48 dated 20-4-48 since received from the Government of India, Ministry of Food, in reply to this Government's code Telegram No.51 dated 10-4-48 which gives an idea of the ~~quantity of~~

p.t.o.

quantity of kernel that is likely to be exported from this province during this current year is enclosed for the information of the Board.

-- Sd. x x x
Secy.to Government.

To
The Board of Revenue (C.S.),
with enclosure.

Copy of Board's Confidential Ref.J/056472/47,dated 18-5-1948 to the Secretary to Government,Food Department,Madras.

Read: Government, Food Department Memo No.1/31) F/48-3,dt.30-4-48.

The Board has re-examined the question of fixation of the rate of surcharge in the light of the suggestions made by the Government in their memo cited. Though the export quota has been tentatively recommended by the Government of Madras to Government of India in their letter No. 56822F/47-15, dated 19-4-1948 to be fixed at 1,25,000 tons of Kernel to other recipient areas within the Indian Dominion, the Board considers that it may not be possible for the Millers to export the entire quantity within the Groundnut Year ending 30-10-48, as the issue of export permits is contingent upon the delivery of the groundnut oil cakes, to the Government agent or nominee at the controlled price. The Board considers that at best only a quantity of 30,000 tons is likely to be exported outside the Province within the Groundnut year.

Out actual exports will be far less than 125,000 tons and may not exceed 25,000 tons in the light of the latest communication from Govt.of India. I doubt very much if one anna will cover the expenses. Ask Board again.
Sd. x x
18-5-48.

2. To administer the Permit system and to deal with the connected correspondence after the close of the Groundnut year, it is necessary to employ the following staff for a period of 10 months commencing from 1-6-48.

1. One Senior Superintendent on Rs.200/-
2. Four Upper Division Clerks at Rs.80/- per mensem
3. One Lower Division Clerk at Rs.45/- per mensem
4. Four Peons at Rs.16/- per mensem.
5. Supervisory agencies in the caire of a Deputy Commissioner and one Assistant Secretary.

3. Taking the cost of the above establishment together with the equivalent pensionary contribution, leave salary, Dearness allowance, house rent allowance, stationery and printing charges etc., the Board considers that a surcharge fee of 1 annad per Imperial Maund may reasonably be fixed. If surcharge is collected at the above rate, the total amount realised, will merely cover the expenditure which the Government may have to incur in connection with the work of granting Groundnut Export permits.

Sd. x x x
for Deputy Commissioner (South)

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p.t.o.

(Issued as letter No. 6432 F/47-16, dated 26-6-1948)

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Only further question to be discussed in this file is whether it is necessary at present to sanction the staff required by the Board in connection with the issue of permits for the export of groundnuts and collection of surcharge etc. The Board proposed an establishment of one Dy.C.C.S., ~~xx~~ 1 Asst. Secy., 1 senior Supdt., 2 U.D.Cs., 1 L.D.C. and 4 peons for the purpose. Taking into account the cost of this establishment and incidental charges and assuming that the exports of groundnuts that will be recommended outside the Province by India will be only about 15,000 tons on account of food scarcity here, it has been decided to collect the surcharge at the rate of as. 2/- per Imperial maund. But so far no exports of groundnuts have been allowed. As the quantity estimated for export is a considerably small namely 15,000 tons as against 1,20,000 tons originally proposed, it does not appear, that there will be much work in the Board's office as to necessitate the appointment of the staff proposed by it. It is doubtful whether such a necessity will arise at all. The Board has not so far reminded in the matter. If the work connected with the scheme increases the Board will no doubt remind and necessary action may be taken thereafter. At present no action seems necessary on this point. The pp. may be recorded as a Ms. G.O. now. For orders.

recorded.

Sd. x x
4-7-43.

Sd. x x
5-7-43./Secy.

G.O.Ms.No. 601, Food , dated 5-7-43.

Civil Supplies - Groundnuts exports outside the Province - Fixation of quotas - Procedure - Discussions - Pape s recorded.

/True copy/

Office Assistant,
Madras Record Office.

PSR.29-1-54.

30-1-54 Jzm
30.1.54